

North Dakota Office of State Tax Commissioner

2002 Individual Income Tax

Rick Clayburgh Tax Commissioner

Form ND-2

Are you using the right form?

If not, you may be paying too much tax!

See page 3 for more information.

Do you owe Use tax?

Did you purchase goods in another state? If you did, you may have to pay a use tax.

See inside front cover for more information.

Message from the Tax Commissioner

Dear Fellow Taxpayer,

North Dakota tax law provides for two methods of calculating the individual income tax—one on Form ND-1 (Main Method) and the other on Form ND-2 (Optional Method). This booklet contains Form ND-2.

Your choice of forms will affect the amount of tax you have to pay. The majority of taxpayers—around 95 percent of them—will have a lower tax on Form ND-1. For help in choosing the right form, turn to page 3 and read Which form to use.

New for this year, you have the added convenience and flexibility of paying taxes with a credit card. To learn more about credit card payments, turn to page 1 of this booklet or visit our Web site at www.ndtaxdepartment.com.

Suggestions from taxpayers have been very helpful to us. I welcome your comments and ideas on how we can improve the way we do business. Please phone, write, or e-mail your comments to me. Contact information is listed on the back cover of this booklet.

Thank you,

RICK CLAYBURGH

TAX COMMISSIONER



Pay your taxes with your credit card. See page 1 for more information.



Visit our Web site for forms and information about North Dakota's taxes.

www.ndtaxdepartment.com

This booklet contains the following forms—

- Form ND-2
- Schedule 2
- Schedule 3

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If you need a form or document mentioned in this booklet, you may obtain it from our Web site at **www.ndtaxdepartment.com**, or request it by phone, e-mail, fax, or letter—see the back cover of this booklet for phone numbers and addresses.



Taxpayer Bill of Rights

You may get a copy of the North Dakota Taxpayer Bill of Rights by contacting the Office of State Tax Commissioner or visiting our Web site at www.ndtaxdepartment.com

Do you have a use tax reporting and payment requirement?

Did you purchase goods from outside North Dakota or outside the U.S?

If you did, you may have to pay North Dakota sales tax (and applicable local sales tax) on those goods.

Technically, what you have to pay is called a use tax. It applies to the same goods which are subject to North Dakota's sales tax. The use tax applies whether you purchase goods in person at an out-of-state location, or by mail, phone or the Internet.

If you didn't pay any sales tax, or you paid tax to another country, at the time of purchase, you must pay the use tax at North Dakota's sales tax rate on the total purchase. Or, if you did pay sales tax to another state at the time of purchase, but you paid less than what you would have paid in North Dakota, the difference is the amount of use tax you must pay. If applicable, local sales taxes must be included in the calculation.

If this applies to you, you must complete and file a **North Dakota Use Tax Return**. To obtain one, call the North Dakota Sales and Special Taxes Division at **(701) 328-3389**, or download it from our Web site at **www.ndtaxdepartment.com**.

Privacy Act information. In compliance with the Federal Privacy Act of 1974 (Public Law 93-579), the disclosure of an individual's social security number on the North Dakota income tax return and any required schedules is mandatory and is required under subsections 1 and 7 of North Dakota Century Code § 57-38-31. An individual's social security number is used as an identification number by the North Dakota Office of State Tax Commissioner for file control and recordkeeping purposes, and for cross-checking an individual's files with those of the Internal Revenue Service.

Changes affecting you and your income tax

Developments, updates, and items of interest relating to individual income tax

NEW!

Pay your balance due by credit card

A new payment option has been added for your convenience. You may now pay your balance due on your return using your MasterCard®, American Express® Card, Discover® Card, or VISA® Card.

Credit card payments may be made by telephone or over the Internet through Link2Gov Corporation, a private credit card payment service provider. A convenience fee will be charged to your credit card by Link2Gov Corporation, which is retained by the corporation for its services—the State of North Dakota does not receive any part of this fee.

To pay your individual income tax by credit card, go to Link2Gov Corporation's web site at **www.ndtaxpayment.com** or call them toll-free at 1-888-ND-TAXES (1-888-638-2937).



Special rules may apply to spouses with different states of residence

Generally, married individuals must file a joint North Dakota income tax return if they file a joint federal income tax return. However, there is an exception if they have different states of residence. If married individuals file a joint federal income tax return, but they have different states of residence, they must file separately for North Dakota income tax purposes. Married individuals have different states of residence if:

- One spouse is a full-year resident of North Dakota, and the other spouse is either a full-year nonresident or a partyear resident of North Dakota; or
- One spouse is a part-year resident of North Dakota and the other spouse is a full-year nonresident.

If applicable, a special schedule, Schedule SF, must be completed to determine the separate amounts needed to complete the separate North Dakota returns. Complete this schedule before completing Form ND-2.

In the case of a full-year nonresident spouse or a part-year resident spouse, Schedule 3 must also be completed. Complete Schedule SF before completing Schedule 3. However, if one of the spouses is a full-year nonresident who has no gross income from North Dakota sources, that spouse does not have to file a separate North Dakota return.

If married persons file separate federal returns, Schedule SF is not required, and each spouse simply files a separate North Dakota return based on his or her own federal return.

Parents' Form 8814 removes child's state filing requirement

Parents may elect to use Form 8814 to report a child's income on their federal income tax return. Parents qualify to use Form 8814 if their child (1) is under age 14, (2) has only interest and dividend income that totals less than \$7,500, (3) is required to file a federal return, and (4) has no estimated tax or withholding amounts to claim. If parents use Form 8814, their child's income becomes part of their gross income, and the child is relieved of the requirement to file a federal return for the tax year. This, in turn, relieves the child of the requirement to file a North Dakota income tax return.

For 2001, some parents who used Form 8814 had filed North Dakota returns for their children anyway—they had prepared a federal return for their child only to determine the amounts to report on the child's North Dakota return. These parents should file an

amended 2001 North Dakota return for their child to claim a refund of the tax paid. They should attach a statement to their child's amended return explaining that their child is not required to file a North Dakota return because they used Form 8814 for 2001. See the back cover of this booklet for how to obtain the forms needed to file the amended return.

New extension payment voucher available for 2002

A new payment voucher, called Form 400-EXT, is now available to individuals who apply for an extension of time to file their 2002 North Dakota income tax return, but who wish to prepay the tax they expect to owe to avoid paying extension interest on the tax due. To avoid all extension interest, a check or money order must be submitted with Form 400-EXT on or before April 15, 2003 (or the fifteenth day of the fourth month following the end of the tax year, if a fiscal year filer).

To obtain Form 400-EXT, go to our Web site at **www.ndtaxdepartment.com**, or see the back cover of this booklet for other ways to contact us.

Federal taxable income starting point may be negative

Federal taxable income is the starting point in calculating the state income tax for a resident on Schedule 2 of Form ND-2. If federal taxable income is a negative number (that is, it is less than zero mathematically), you are instructed to enter zero on your federal income tax return. However, for purposes of completing the North Dakota return for a resident (Form ND-2, Schedule 2, line 1), enter the negative number. (*Note: This does not apply to a full-year nonresident or a part-year resident who uses Form ND-2*.)

Checking on your refund is easy

If you did not elect to use direct deposit, you may check the status of your refund by calling (701) 328-3450 or e-mailing us at

individualtax@state.nd.us. You may also contact us by letter or fax—see the back cover of this booklet for the numbers to dial.

You'll need to provide the following information to us regardless of how you contact us.

- Your name (Include spouse's name, if joint return).
- Your social security number (Include spouse's social security number, if joint return).
- Tax year.
- Your filing status from your return.
- *Exact* amount of refund shown on return (including cents if shown).

This information must match our records or no information will be released to you due to our confidentiality law.

Allow 6 weeks after filing your return before contacting us about your refund.

Avoid these most common errors for trouble-free filing

A complete and accurate return ensures the fastest processing of your return. This also makes for a quick turnaround for a refund. Errors in the return mean delayed processing. Needing to correspond with you to obtain a missing signature or document creates an even longer delay.

Before you file, go through this checklist of the most common errors found on taxpayer returns.

Write legibly.

On many returns, we are unable to read the name, address, or social security number. This may result in recording the wrong information.

Enter your social security number.

And make sure it's the right one. We use this number to properly identify your return. If you are filing a joint return, also enter your spouse's social security number.

This is critical to the correct processing of your return. Fill in only one of the three cycle as

only one of the three ovals as instructed on page 7 of this booklet.

Check your math.

Human errors happen, and math errors are one of the most common. Please double-check your numbers. This is a good idea even if someone else prepares your return.

Include all Form W-2 statements.

W-2s are often left off the return. Include a copy of all your W-2s. Also include a copy of any Form 1099 showing North Dakota income tax withholding. Be sure to staple the forms to the top center of Form ND-2.

▶ Use the right address.

Each year thousands of North Dakota returns (Form ND-1) are mailed to the Internal Revenue Service by mistake. Use the preprinted envelope in this booklet or use the address provided on page 5 of this booklet.

Use the right amount of postage.

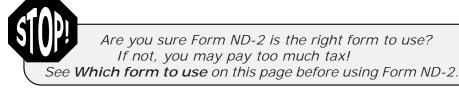
Insufficient postage on an envelope means the U.S. Postal Service will return it to you.

Sign the return.

Each year we receive thousands of unsigned returns. Before we can process them, we must return them to taxpayers for their signatures.

2002 Form ND-2 instructions

General and specific line instructions for Form ND-2 (Optional Method)



Who must file

General instructions

This section provides information on selecting the right form, filing requirements, procedures for obtaining an extension, estimated tax requirements, correcting a return, and other general information.

Which form to use

It is important to note that North Dakota income tax law provides for two methods of calculating the individual income tax. The two methods are implemented on two different forms—Form ND-1 and Form ND-2. (This booklet contains Form ND-2 and its instructions.)

Your choice of forms will affect the amount of your tax!

The two forms (and their respective calculation methods) are governed by different provisions of North Dakota income tax law. The calculation method and tax rates are different under each method. Your choice of forms is important because *you will calculate a different tax under each one*! For the majority of individuals—over 95 percent—the tax will be lowest on Form ND-1.

So, which form should I use? Generally, you should use Form ND-1. Over 95 percent of all filers will calculate a lower tax on Form ND-1 than on Form ND-2. If you used Form ND-2 last year, do not automatically use Form ND-2 for this year, but check out Form ND-1 to make sure you are paying the lowest tax.

Who should use Form ND-2?
Very few individuals—less than 5
percent—will benefit from using
Form ND-2. Form ND-2 should be used
only if it produces a tax that is lower
than the tax calculated on Form ND-1.
Although you calculate a North Dakota
taxable income on both forms, do not
use this number to determine which
form to use. The most significant
difference is found in the tax rates,
which are much lower on Form ND-1.

Shouldn't I use Form ND-2 if I have one of the deductions or credits on it?

Not necessarily. There are a number of special deductions, exclusions, and credits that may be claimed only if Form ND-2 is used. As a general rule, they are usually not enough to offset the higher tax rates on Form ND-2. Some taxpayers will benefit from using Form ND-2, but we estimate that they make up less than 5 percent of all individual filers.

If in doubt as to which form to use, use Form ND-1. If you find later that your tax would have been lower on Form ND-2, you have the option of filing an amended return (within three years) to change forms.



Have you checked out Form ND-1? Over 95 percent of taxpayers will have the lowest tax on the Form ND-1.

Full-year resident

If you were a full-year resident of North Dakota for the 2002 tax year and you are required to file a 2002 federal individual income tax return, you must file a 2002 North Dakota individual income tax return. This applies even though you may have worked outside North Dakota (including employment overseas) during the tax year, or all of your income is derived from sources outside North Dakota. You were a full-year resident of North Dakota if you were a resident of North Dakota for the entire tax year, or you meet the statutory 7-month rule.

Definition of resident—For North Dakota individual income tax purposes, you are a resident of North Dakota if you are domiciled in North Dakota. Domicile is your residence by law. It is commonly referred to as your legal residence. It generally means the place that is your permanent home to which you always intend to return whenever absent from it. If you have more than one physical place of abode, only one of them may be your domicile. Domicile is based on your intent and your actions.

Statutory 7-month rule—If you are not domiciled in North Dakota for any part of the tax year, you are deemed by law to be a full-year resident of North Dakota if you maintain a permanent place of abode in North Dakota and spend more than 210 days of the tax year in North Dakota. A permanent place of abode means a house, apartment, or other dwelling containing cooking and bathroom facilities that is suitable for year-round living and is maintained on a permanent or indefinite basis. This

7-month rule does not apply to individuals on active duty in the U.S. armed forces who are domiciled in another state, nor does it apply to Minnesota or Montana residents covered under the income tax reciprocity agreements with those states.

Residents in U.S. armed forces

If you are a full-year resident of North Dakota serving in the U.S. armed forces and you are required to file a 2002 federal individual income tax return, you must file a 2002 North Dakota individual income tax return. This applies even though you were stationed outside North Dakota during the tax year. As a North Dakota resident, your income from all sources is subject to North Dakota income tax to the same extent that it is taxable on your federal return.

Full-year nonresident

If you were a full-year nonresident, you must file a 2002 North Dakota individual income tax return if *both* of the following apply:

- You are required to file a 2002 federal individual income tax return.
- You derived gross income from North Dakota sources during the tax year.
 (See the box on page 5 for what is included in gross income from North Dakota sources.)

You were a full-year nonresident if you were not a resident of North Dakota for any part of the tax year, and you do not meet the statutory 7-month rule—see page 3.

Nonresidents in U.S. armed forces If you are a full-year nonresident of North Dakota serving in the U.S. armed forces and you are stationed in North Dakota, your military compensation is not subject to North Dakota income tax. If your only gross income from North Dakota sources is your military compensation, you do not have to file a North Dakota individual income tax return. However, if you have other types of gross income from North Dakota sources, you must file a North Dakota individual income tax return if you meet the full-year nonresident filing requirement.

Minnesota or Montana resident If you are a Minnesota resident, you do not have to file a North Dakota individual income tax return if **both** of the following apply:

- Your only gross income from North Dakota sources was compensation for personal or professional services.
- You returned to your home in Minnesota at least once each month during the time you worked in North Dakota.

If you are a Montana resident, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages. See Minnesota and Montana residents on this page for more information.

Nonresident alien

If you are a nonresident alien of the United States and you derived gross income from North Dakota sources during 2002, you must file a 2002 North Dakota individual income tax return. Except where an income tax treaty between the United States and a foreign country specifically exempts income from state taxation, income tax treaties between the U.S. and foreign countries do not apply for North Dakota income tax purposes. Therefore, you may have to pay North Dakota income tax on income derived from North Dakota sources even though the income is exempt from U.S. income tax because of a treaty. For more information, including the instructions on how to complete the North Dakota return, obtain the Income Tax Guideline: Taxation of Nonresident Aliens.

Part-year resident

If you were a part-year resident of North Dakota, you must file a 2002 North Dakota individual income tax return if *both* of the following apply:

- You are required to file a 2002 federal individual income tax return.
- You derived gross income from any source inside or outside North Dakota while you were a resident of North Dakota, or you derived gross income

from North Dakota sources while you were a nonresident of North Dakota. (See the box on page 5 for what is included in gross income from North Dakota sources while a nonresident.)

You were a part-year resident of North Dakota if you were a resident of North Dakota for only part of the year. This generally applies if you moved into or out of North Dakota and the move constituted a change in your legal residence. See **Definition of resident** on page 3.

Native Americans

If you are a Native American, you are not subject to North Dakota income tax and do not have to file a North Dakota income tax return if *all* of the following apply:

- You are enrolled as a member of a federally-recognized Indian tribe.
- You live on the Indian reservation where enrolled.
- You derive all of your income from sources on the Indian reservation where enrolled.

If any of the above criteria are not met, you may be subject to North Dakota income tax. For more information, obtain the *Income Tax Guideline*: *Income Taxation of Native Americans*.

Minnesota and Montana residents

North Dakota has income tax reciprocity agreements with the states of Minnesota and Montana. If certain conditions in the agreements are met, a resident of North Dakota does not have to pay Minnesota or Montana income tax on compensation received for work performed in the other state, and a resident of Minnesota or Montana does not have to pay North Dakota income tax on compensation received for work performed in North Dakota. The conditions for exemption under each agreement and the procedures for filing are explained in the following paragraphs.

Minnesota and Montana residents

If you are a resident of Minnesota and you maintain a permanent home in Minnesota to which you return at least once each month during the time you work in North Dakota, the compensation that you receive for personal or professional services performed in North Dakota is not taxable by North Dakota.

If you are a resident of Montana, wages that you receive for work performed in North Dakota are not taxable by North Dakota.

If you received wages covered by reciprocity, and your employer withheld North Dakota income tax from them, you must file a North Dakota individual income tax return at the end of the tax year to obtain a refund of the amount withheld. If this applies to you and you do not have any other gross income from North Dakota sources, obtain Form ND-1 and complete it according to the special instructions on page 6 of the Form ND-1 instruction booklet. Do not use Form ND-2.

If your wages are covered by reciprocity and you do not want your employer to withhold North Dakota income tax from them, you must complete and give to your employer a **Form NDW-R**. Ask your employer for this form.

North Dakota residents

If you are a resident of North Dakota and you maintain a permanent home in North Dakota to which you return at least once each month during the time you work in Minnesota, the compensation that you receive for personal or professional services performed in Minnesota is not taxable by Minnesota. Also, wages that you receive for work performed in Montana while a resident of North Dakota are not taxable by Montana.

If you received wages covered by reciprocity and your employer withheld Minnesota or Montana income tax from them, you must file an income tax return with Minnesota or Montana to obtain a refund of the amount withheld.

Gross income from North Dakota sources (for nonresidents only)

Gross income from North Dakota sources includes the following items received while a nonresident of North Dakota:

- Compensation for services performed in North Dakota, such as wages, salaries, tips, commissions, and fees.
- Income from tangible property in North Dakota, such as rents, royalties, and gain from the sale or exchange of the property.
- Income from a sole proprietorship, partnership, S corporation, or other trade or business carried on in North Dakota.
- Income from an estate or trust, but only to the extent the income is derived from tangible property or a trade or business in North Dakota.
- Income from gambling activity carried on in North Dakota.

If your wages are covered by reciprocity and you do not want your employer to withhold Minnesota or Montana tax from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2, whichever applies. For assistance and forms, contact:

- Minnesota Department of Revenue Taxpayer Information Division St. Paul, MN 55146-4450 Phone: (651) 296-3781
- Montana Department of Revenue PO Box 5805 Helena, MT 59604-5805 Phone: (406) 444-6900

When and where to file

If you are filing on a calendar year basis—January 1 through
December 31—you must file your 2002
North Dakota individual income tax
return on or before April 15, 2003. If
you are filing on a fiscal year basis, you
must file on or before the 15th day of the
fourth month following the close of your
fiscal tax year. If the due date falls on a
Saturday, Sunday or holiday, you have
until the next day that is not a Saturday,
Sunday, or holiday to file your return.

Exceptions

Gross income from North Dakota sources *does not* include these items received while a nonresident of North Dakota: military pay, interest, dividends, pensions, annuities, gain from the sale or exchange of intangible property, compensation exempted under reciprocity with Minnesota or Montana, or compensation for services performed in North Dakota by an individual who performs regularly assigned duties in more than one state for an interstate motor carrier (as defined in 49 U.S.C. 11504).

Note: Interest, dividends, gains, and other income from intangible property are included in gross income from North Dakota sources if derived from a sole proprietorship, partnership, or S corporation doing business in North Dakota.

Mail your return and all required attachments in the preaddressed envelope provided in this booklet. If you don't have a preaddressed envelope, mail your return to:

Office of State Tax Commissioner 600 E. Boulevard Ave., Dept. 127 Bismarck, North Dakota 58505-0550

Extension of time to file

You may obtain an extension of time to file your North Dakota individual income tax return by obtaining either a federal extension or a North Dakota extension.

Federal extension

If you obtain an extension of time to file your federal return, it will be recognized for North Dakota purposes. This includes the automatic 2-month extension to June 15 allowed for being outside the U.S. and Puerto Rico on April 15. You do not have to file a separate state extension form, nor do you have to notify the Office of State Tax Commissioner that you have obtained a federal extension prior to filing your North Dakota return.

When you file your North Dakota return, you must attach a copy of the federal extension form that you filed with the IRS. If you obtained the federal extension using the IRS's phone, computer, or credit card payment option, attach a copy of a completed Form 4868 showing the confirmation number or a printed copy of the acknowledgment. In the case of the automatic 2-month extension for being outside the United States and Puerto Rico on April 15, attach a copy of the statement that the IRS required you to attach to your federal return. In all cases, check the box next to "Extension" in the top righthand corner of your North Dakota return.

North Dakota extension

If you do not obtain a federal extension, but need additional time to file your North Dakota return, you may apply for a North Dakota extension by completing and filing **Form 101**. This is not an automatic extension—you must have good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of your return. You will be notified whether your extension request is approved or rejected. If approved, attach a copy of the approved extension form to your return and check the box next to "Extension" in the top right-hand corner of your return.

Extension interest

If you file your North Dakota return on or before the extended due date, and you pay any tax balance due with the return, no penalty will be charged. However, interest on any tax due on the return will be charged at the rate of 12% per year from the original due date of your return to the earlier of the date you file your return or the extended due date.

Prepayment of tax due

If you are applying for an extension of time to file, you may prepay the tax that you expect to owe to avoid paying extension interest. To do so, submit your check or money order along with a completed **Form 400-EXT** by the regular due date. Alternatively, you may submit your payment along with a letter containing the following:

- Your name.
- Your social security number.
- Your address and phone number.
- Statement that your payment is a prepayment of your 2002 North Dakota individual income tax.

Penalty and interest

The full amount of your tax due must be paid by the due date (without extension) of your return to avoid penalty and interest charges. However, if you obtained an extension of time to file your return, you may pay the tax due by the extended due date of the return without penalty, but interest will apply—see Extension interest and Prepayment of tax due on this page.

If you pay your tax due after the due date (or extended due date, if applicable), a penalty equal to 5% of the tax due (with a minimum of \$5.00) will be charged. In addition, interest will be charged at the rate of 1% per month or a fraction of a month (except for the month in which the tax was due) until the tax is fully paid.

Copy of federal return

You must attach a complete copy of your federal income tax return to your North Dakota return. A complete copy consists of Form 1040EZ, 1040A, or 1040 along with any supplemental forms and schedules. You do not have to include depreciation schedules or any other statements that you may have prepared as supporting documentation. If you used the IRS's TeleFile system, attach a copy of the TeleFile Tax Record that you completed for that purpose.

Correcting your return

If you need to correct your North Dakota return after you file it, you must file an amended return. There is no special form for this purpose. See How to prepare an amended return on this page for step-by-step instructions.

If you paid too much tax because of an error in your return, you generally have three years after you file your original return to file an amended return to correct the error and claim a refund of the overpayment. There are other time periods that may apply, such as in the case of a net operating loss carryback, an overstatement of tax of over 25%, or an IRS audit. For more information, contact the Office of State Tax Commissioner.

Change to federal return

By law, you must file an amended North Dakota return to report changes made to your federal return. This applies whether the changes are attributable to your filing of an amended federal return, or an audit or correction by the Internal Revenue Service (IRS). The amended North Dakota return must be filed within 90 days after filing the amended federal return or within 90 days after the final determination of the IRS changes.

How to prepare an amended return

- 1. Obtain the appropriate North Dakota individual income tax return for the tax year affected by the changes. For tax years before 2001, this will be either Form 37-S or Form 37. For 2001 and subsequent tax years, you will use either Form ND-1 or Form ND-2.
- 2. Enter your name, address, social security number, and other information required on the top portion of the return. Be sure to use your current address on the amended return.

- 3. Check the box (or fill in the circle, if applicable) next to "Amended" in the top right-hand corner of the return.
- 4. Using the corrected information, complete the return through the net tax liability line.
- 5. On the estimated tax payment line, enter the net tax liability shown on your original return or previously filed amended return.
- 6. Complete the remaining portion of the return according to the instructions. On an amended return, you may not adjust the amount of any voluntary contribution to the wildlife or trees funds, nor the amount of an overpayment applied to the next year's estimated tax.
- 7. Attach a statement explaining why you are correcting your return. If you are doing so because of changes that you or the IRS made to your federal return, attach a copy of the amended federal return or IRS notice.

Estimated tax requirement (for 2003)

You must pay estimated North Dakota income tax for the 2003 tax year if *all* of the following conditions apply:

- 1. You are required to pay estimated federal income tax for 2003.
- 2. Your net tax liability for 2002 is \$500 or more. (If you were not required to file a North Dakota return for 2002, you do not have to pay estimated tax for 2003.)
- 3. You expect to owe (after subtracting any estimated North Dakota income tax withholding) at least \$500 in tax for 2003.
- 4. You expect your North Dakota income tax withholding for 2003 to be less than the smaller of the following:
 - (a) 90% of your 2003 net tax liability.
 - (b) 100% of your 2002 net tax liability. If you moved into North Dakota during 2002 and had no income from North Dakota prior to the move, this 100% threshold does not apply; you must satisfy the 90% threshold in part (a).

In general, one-fourth (25%) of the total estimated tax required to be paid for the 2003 tax year must be paid by April 15, June 15, and September 15, 2003, and January 15, 2004.

If you are required to pay estimated tax for 2003, obtain the 2003 Form 400-ES, Estimated income tax—individuals. If you paid estimated tax for 2002, a 2003 Form 400-ES will be mailed to you in early 2003.

Specific line instructions for Form ND-2

How to complete Form ND-2

Step 1

Complete the top portion of Form ND-2 as instructed later on this page.

Step 2

Calculate your North Dakota taxable income on the appropriate schedule as follows:

- If you were a full-year resident, you must complete Schedule 2 according to the instructions on page 8.

 Schedule 2 is on the reverse side of Form ND-2.
- If you were a full-year nonresident or a part-year resident, you must complete Schedule 3 according to the instructions on page 11. Schedule 3 is a separate form included in this booklet.

Step 3

Complete the Tax Computation Schedule on the front of Form ND-2 according to the instructions on page 14.

Tax year

Your tax year for North Dakota income tax purposes must be the same as the tax year used for federal income tax purposes. If you used a fiscal tax year for federal income tax purposes, enter the dates of your fiscal tax year from your federal return in the spaces provided at the top of Form ND-2.

Name and address

Print or type your full name and address in the spaces provided on the return. If you are married and are filing a joint return, include your spouse's full name.

Social security number(s)

Print or type your social security number (and your spouse's social security number, if married) in the spaces provided on the return. Omitting one or both numbers, or entering an incorrect number, will delay the processing of your return.



Make sure your social security number is entered correctly.

Filing status

Check the box next to the filing status that you used on your federal individual income tax return.

Exception for joint filers with different states of residence—If you and your spouse are filing a joint federal income tax return and had different states of residence (one of which is North Dakota) for the 2002 tax year, special filing procedures apply. You and your spouse had different states of residence if:

- One spouse is a full-year ND resident and the other spouse is a full-year nonresident; or
- One spouse is a full-year ND resident and the other spouse is a part-year ND resident; or
- One spouse is a part-year ND resident and the other spouse is a full-year nonresident.

If this exception applies, you must file separate North Dakota returns. Check the box next to "Married filing separate return." Then, you must obtain and complete **Schedule SF**. The instructions to Schedule SF explain how to complete the separate returns.

Residency status

For your residency status, check the box next to:

- Full-year resident, if you were a resident of North Dakota for the entire 2002 tax year, or you meet the statutory 7-month rule.
- Full-year nonresident, if you were not a resident of North Dakota for any part of the 2002 tax year, and you do not meet the statutory 7-month rule.
- Part-year resident, if you were a resident of North Dakota for only part of the 2002 tax year.

See **Definition of resident** and Statutory 7-month rule on page 3 for more information.

Income source code

From the following list, select the code number that most closely corresponds to the area from which you derived the majority of your income for the 2002 tax year.

| 0 | |
|------------------------------------|---------|
| Source Co | |
| of income nu | mber |
| Farming, ranching, or | |
| agricultural production | 1 |
| Retail, wholesale trade, and | |
| eating and drinking places | 2 |
| Federal, state, county, or city | |
| government service | 3 |
| Public or private education | 4 |
| Accounting, legal, health, motel, | |
| and other personal or professional | |
| services not classified elsewhere | 5 |
| Construction | 6 |
| Manufacturing | 7 |
| Transportation, communication, | |
| and public utilities | 8 |
| Exploration, development, and | |
| extraction of coal, oil, and | |
| natural gas | 9 |
| Banking, insurance, real estate, | |
| and other financial services | 10 |
| Military service | |
| Retirement | · · · · |
| | 10 |
| (Pensions, annuities, IRAs, etc.). | 12 |

School district code

Select the code number from the list on page 16 for the school district in which you resided during the tax year and enter it in the boxes provided on the return.

If you resided in more than one school district during the tax year, enter the code number for the school district in which you resided for the greater amount of time.

Federal estimated tax requirement

If you were required to pay estimated federal income tax for any part of the 2002 tax year, you must check the box next to "Yes." This applies whether or not you actually made the required payment. Otherwise, check the box next to "No."

Amended or extended return

Check the box next to "Amended" only if you are completing this return for the purpose of correcting a return you previously filed for the 2002 tax year. See Correcting your return on page 6 for more information.

Check the box next to "Extension" only if you have an extension to file your North Dakota return. See Extension of time to file on page 5 for more information and required attachment.

Specific line instructions for Schedule 2

Full-year resident only

Line 1 - Federal taxable income If your federal taxable income is a negative number (that is, it is less than zero mathematically), you are instructed to enter zero on your federal income tax

return. However, for purposes of completing Schedule 2, enter the negative number on line 1.

Line 2 - Interest from state and local obligations

Except for interest from obligations of the state of North Dakota and its political subdivisions, enter interest income from state and local government obligations which is exempt from federal income

Line 3 - State and local income taxes

Enter the amount of state and local income taxes deducted on your federal income tax return. If a portion of your itemized deductions claimed on your federal return was disallowed because your federal adjusted gross income exceeded \$137,300 (\$68,650, if married filing separate return), complete the worksheet on this page.

Line 4 - Other additions

The following items must be included on this line:

- Taxable portion of a lump-sum distribution from a qualified retirement plan reported on Federal Form 4972. Enter on this line the amount from Form 4972, line 6 plus line 10.
- Loss from a pass-through entity subject to North Dakota's financial institution tax. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment.

Worksheet for line 3 of Schedule 2

| A. | Amount of state and local income taxes from Schedule A (Form 1040), line 5 | |
|----|---|--|
| B. | Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions | |
| C. | Divide line A by line B | |
| D. | Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions | |
| E. | Multiply line D by line C | |
| | Subtract line E from line A. Enter this amount on line 3 of | |

For more information, obtain the Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3. Attach a copy of the statement you received from the entity.

Line 7 - *U.S. obligation interest* The following items may be entered on this line:

- Interest income from U.S. obligations.
- Interest income from federal securities that is specifically exempted from state income tax by federal statute.
- The portion of dividend income from a mutual fund that is attributable to interest from U.S. obligations and interest from other federal securities that is specifically exempted from state income tax by federal statute.

Common sources of interest from U.S. obligations include:

- U.S. savings bonds.
- U.S. Treasury bonds, bills, and notes.
- Securities issued by—

Banks for cooperatives
Commodity Credit Corporation
Federal Deposit Insurance
Corporation

Federal Farm Credit System Federal Home Loan Banks Federal Intermediate Credit Banks Federal Land Banks

Federal Savings & Loan Insurance Corporations

Student Loan Marketing Association

Do not enter on this line interest income from securities issued by the following agencies:

Federal Home Loan Mortgage Corporation (Freddie Mac)

Federal National Mortgage Association (Fannie Mae)

Government National Mortgage Association (Ginnie Mae)

Attach a statement identifying the specific securities from which you derived the interest amount entered on this line.

Line 8 - *Military pay exclusion*

Enter up to \$1,000 of your military pay received for active duty service in the U.S. armed forces, or for attending periodic training for drill and instruction as a member of the National Guard or a reserve unit of the U.S. armed forces. This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2).

Line 9 - Additional military pay exclusion for overseas duty

If you are a member of the U.S. armed forces who served overseas for at least thirty days during the tax year, enter up to \$300 of your military pay for each month (or fraction of a month) you were overseas. You are considered to have served overseas if you were stationed outside the United States and the District of Columbia.

This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2). The total of this exclusion and the exclusion on line 8 (military pay exclusion) may not exceed the total of your active duty military pay.

Field grade and general officers are not eligible for this exclusion. Field grade and general officers are persons with a rank of: Major or higher in the U.S. Army, Air Force, or Marines; Lieutenant commander or higher in the U.S. Navy; and Surgeon or higher in the U.S. Public Health Service.

Line 10 - *Military retirement pay* exclusion

If you received military retirement pay for service in the U.S. armed forces (including the Coast Guard) or any of its reserve components, and you are at least 50 years old, enter up to \$5,000 of your military retirement pay. This exclusion is allowed only to the extent that your military retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce the

amount otherwise deductible on this line by the amount of your social security benefits.

Line 11 - Other retirement pay exclusions

Enter up to \$5,000 of your retirement pay received from the following sources:

- Federal government pension fund
- North Dakota city firefighters relief associations
- North Dakota city policemen's pension funds
- North Dakota highway patrolmen's retirement system

This exclusion is allowed only to the extent that your retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce the amount otherwise deductible on this line by the amount of your social security benefits.

Lines 12, 13, and 14 - Beginning farmer deductions

Deductions are available for selling or leasing farmland to a qualifying beginning farmer. To determine if you qualify, obtain the *Income Tax Guideline:*Beginning Farmer Income Tax

Deductions. If you qualify, you must complete a Beginning Farmer Statement and attach it to your return.

Line 12 - Interest deduction

Enter interest income derived from a qualifying contract for deed for the sale of 80 or more acres of farmland to a qualifying beginning farmer.

• Line 13 - Rental deduction

Enter up to \$25,000 of net rental income derived from a qualifying contract for the lease of 20 or more acres of farmland to a qualifying beginning farmer.

• Line 14 - Gain deduction

Enter the taxable part of a gain from the sale of 20 or more acres of farmland to a qualifying beginning farmer.

Line 15- Interest from financial institution

Enter up to \$300 (\$600, if married filing joint) of interest income received from a bank, credit union or similar financial institution located in North Dakota.

Lines 16, 17, and 18 - Beginning entrepreneur deductions

Deductions are available for selling or leasing a revenue-producing enterprise to a qualifying beginning entrepreneur. To determine if you qualify, obtain the *Income Tax Guideline: Beginning Entrepreneur Income Tax Deductions*. If you qualify, you must complete a *Beginning Entrepreneur Statement* and attach it to your return.

- Line 16 Interest deduction

 Enter interest income derived from a
 qualifying contract for deed for the
 sale of a revenue-producing enterprise
 to a qualifying beginning entrepreneur.
- Line 17 Rental deduction
 Enter up to \$25,000 of net rental
 income derived from a qualifying
 contract for the lease of a revenueproducing enterprise to a qualifying
 beginning entrepreneur.
- Line 18 Gain deduction

 Enter the taxable part of a gain from the sale of a revenue-producing enterprise to a qualifying beginning entrepreneur.

Line 19 - Dividend exclusion

Enter up to \$15,000 of dividend income received from a corporation that has paid North Dakota income tax under N.D.C.C. ch. 57-38 or North Dakota financial institution tax under N.D.C.C. ch. 57-35.3. If the corporation does not conduct 100% of its business in North Dakota, the dividend income must be multiplied by the percentage of business conducted in North Dakota to determine the amount to enter on this line. The percentage is equal to the corporation's apportionment factor reported on the corporation's North Dakota tax return. Contact the corporation to obtain this information.

| (| Worksheet for line 26 of Schedule 2 (Form 1040 filers only) |
|---|--|
| 1 | A. Amount from Form 1040, line 55 |
| E | B. If applicable, enter amount from Form 1040, line 45 B |
| ı | C. If applicable, enter taxes from Form 5329, lines 4 and 8 C D. If applicable, enter the following taxes included on Form 1040, |
| | • Form 4970 tax • Section 72(m)(5) excess benefits tax • Recapture taxes (if Form 37 or Form ND-2 was used in credit year) |
| E | E. Add lines A, B, C, and D E |
| I | F. If applicable, enter amounts from Form 1040, lines 43, 64, and 66 F |
| (| G. Subtract line F from line E. If result is zero or less, enter -0 Enter this amount on line 26 of Schedule 2 |

Line 20 - *Venture capital deduction*

Enter up to \$5,000 (\$10,000, if joint return) of an investment in a North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1. If you made an investment in a qualified venture capital corporation, the entity is required to give you an investment reporting form. Attach a copy of the Venture Capital Corporation Investment Reporting Form.

Line 23 - Other subtract adjustments

The following items may be entered on this line. Attach a statement to your return explaining each adjustment claimed on this line.

- Exempt income of a Native American. See Native Americans on page 4.
- Retirement, unemployment, and sick pay benefits received from the U.S. Railroad Retirement Board which are included in federal taxable income.
 Attach a copy of Federal
 - Form RRB-1099, RRB-1099-R, or both.
- \$1,750 for adopting a child under the age of 21, provided the child qualifies as a dependent on your federal income tax return and the adoption was finalized in 2002. If married filing separate return, only one spouse may claim this deduction.

- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your federal income tax return and the adoption was finalized in 2002.
- \$750 for each adopted child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your federal income tax return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Amount of net income from a new or expanding business that is exempted from income tax under North Dakota's new and expanding industry exemption under N.D.C.C. ch. 40-57.1. For more information, obtain the *Application For New And Expanding Industry Exemption*.
- Amount of net income exempted from income tax under North Dakota's renaissance zone provisions under N.D.C.C. ch. 40-63. Obtain Schedule RZ for more information.
 Attach Schedule RZ.
- Amount of taxable gain from the sale of stock in a corporation that has relocated to North Dakota. The exemption is limited to the excess of

- the stock's fair market value on the sale date over its fair market value on the date the corporation relocated to North Dakota. For more information, see N.D.C.C. § 57-38-01.18.
- Amount of income from a pass-through entity subject to North Dakota's financial institution tax. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3.*Attach a copy of the statement you received from the entity.
- State and local income tax refunds reported as income on the federal income tax return, but only if Form 37 (Long Form) or Form ND-2 (Optional method) was filed for the tax year in which the taxes were deducted on the federal return, and the taxes were added back into income on that state return.

Line 26 - Federal income tax Enter the amount from your federal income tax return as follows:

- If you used Form 1040EZ, enter the amount from line 10 less line 8.
- If you used Form 1040A, enter the amount from line 36 less lines 41 and 42. Do not include any alternative minimum tax.
- If you used the Federal TeleFile system to file your federal return, enter the amount from line K (the "Tax" box) less line L of your TeleFile Tax Record.
- If you used Federal Form 1040, complete the worksheet on page 10 to determine the amount to enter here.

Line 28 - *Total adjustments from income*

Enter the total of lines 7 through 19 plus line 23; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 23.

Specific line instructions for Schedule 3

Full-year nonresident or partyear resident only

If you were a full-year nonresident or a part-year resident of North Dakota for the 2002 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2.

Minnesota and Montana residents—If you were a full-year resident of Minnesota or Montana, and all of your income is exempt from North Dakota tax under the income tax reciprocity agreement, do not complete this schedule. See Minnesota and Montana residents on page 4 for more information.

Joint filers with different states of residence—If you and your spouse filed a joint federal income tax return and had different states of residence for the 2002 tax year, you must complete Schedule SF before attempting to complete Schedule 3. See Filing status on page 7 for more information.

How to complete Schedule 3

Step 1

First complete Part 2 (on page 2) of Schedule 3 to calculate your North Dakota adjusted gross income. The instructions for Part 2 start on this page.

Step 2

Complete Part 1 (on page 1) of Schedule 3 to calculate your North Dakota taxable income. The instructions for Part 1 start on page 13.



If you call to check on the status of your refund, be sure to have a copy of your return on hand.

Instructions for Schedule 3, Part 2, lines 1 through 17

Complete Column A first by filling in the amounts as shown on your federal income tax return. Then complete Column B by filling in the portion of the amount shown in Column A that is derived from North Dakota sources, as explained in the instructions that follow.

Important: The following instructions for lines 1 through 17 of the worksheet only apply to Column B.

Line 1

Include wages, salaries, tips, commissions, bonuses, and other compensation received for services performed in North Dakota while a nonresident, and all compensation received while a North Dakota resident.

Minnesota resident—Do not include compensation received for work performed in North Dakota while a Minnesota resident if you maintained a permanent home in Minnesota that you returned to at least once each month.

Montana resident—Do not include compensation received for work performed in North Dakota while a Montana resident.

Interstate commerce employee—Do not include compensation received for work performed in North Dakota while a nonresident if the compensation was received for the performance of regularly assigned duties in more than one state for a railroad, trucking company, or other interstate motor carrier defined under federal law in 49 U.S.C. 11504.

Line 2

Include amounts received (or credited to your account) while a North Dakota resident. However, do not include interest from U.S. obligations. Also include your share of North Dakotasource interest and dividends which you

received from a pass-through entity (e.g., a partnership) while a nonresident.

Line 3

Include net income or loss attributable to the portion of a sole proprietorship operated in North Dakota while a nonresident, and all net income or loss from a sole proprietorship (regardless of where its operations are located) while a North Dakota resident.

Minnesota resident—Do not include net income or loss from a personal or professional service business while a Minnesota resident if the income is eligible for income tax reciprocity.

Line 4

Include net gains and losses from tangible property in North Dakota received while a nonresident, and net gains and losses from all property (regardless of its location) received while a resident. Also include your share of North Dakota-source net gains and losses which you received from a pass-through entity (e.g., a partnership) while a nonresident.

Line 5

Include amounts received while a North Dakota resident.

Line 6

Include net income and losses from the rental of tangible property in North Dakota received while a nonresident, and net income and losses from the rental of all property (regardless of location) received while a North Dakota resident.

Include royalties and other income from interests in oil, coal, or other mineral property in North Dakota received while a nonresident, and income from all mineral properties (regardless of location) received while a resident.

Include your share of North Dakota ordinary income or loss, net rental income, and other income not reported on other lines from a pass-through entity (e.g., a partnership) received while a

nonresident, and all similar types of income and losses received from a pass-through entity while a resident.

Include your share of North Dakotasource income and losses from an estate or trust received while a nonresident. Do not include interest, dividends, pensions, or annuities received while a nonresident.

Line 7

Include net income or loss attributable to the portion of a farm operated in North Dakota while a nonresident, and all net income or loss from a farm (regardless of where it is located) while a North Dakota resident.

Line 8

Include amounts received while a North Dakota resident, and amounts received from North Dakota sources while a nonresident. Do not include state and local income tax refunds, alimony, and social security benefits received while a nonresident.

Part-year resident—To determine the amount of your taxable social security benefits to include on this line, multiply the amount of your total social security benefits received while a resident by a percentage equal to the total taxable portion of your social security benefits

divided by your total social security benefits.

Line 10

If part-year resident, include educator, tuition and fee, and student loan expenses paid while a North Dakota resident. Otherwise, multiply the expenses by a percentage equal to North Dakota income divided by total income.

Line 11

Include moving expenses paid while a North Dakota resident or that were attributable to a move into North Dakota.

Line 12

Multiply amount in Column A by a percentage equal to North Dakota self-employment income divided by total self-employment income.

Line 13

Multiply amount in Column A by a percentage equal to North Dakota earned income divided by total earned income reported on federal return.

Line 14

Multiply amount in Column A by a percentage equal to North Dakota compensation for services (from employer sponsoring MSA) divided by total compensation.

| W | orksheet for Schedule 3, page 1, line 11 (Form 1040 filers only) |
|----------|---|
| Α. | Amount from Form 1040, line 55 |
| B. | If a part-year resident, enter amount from Form 1040, line 45, but only to the extent the foreign income is included on line 1B of Schedule 3 |
| C. D. | If applicable, enter taxes from Form 5329, lines 4 and 8 C If applicable, enter the following taxes included on Form 1040, line 61 |
| E. | Add lines A, B, C, and D E |
| F. | If applicable, enter amounts from Form 1040, lines 43, 64, and 66 |
| G. | Subtract line F from line E. If result is zero or less, enter -0 Enter this amount on Schedule 3, page 1, line 11 |

Include the amount of a penalty on early withdrawal only if the related interest income is included on line 2, Column B. If part-year resident, include alimony paid while a North Dakota resident. Otherwise, multiply the amount paid by a percentage equal to North Dakota income divided by total income.

Instructions for Schedule 3, Part 1, lines 1A through 29

Fill in your name and social security number at the top of the schedule. If you were a part-year resident of North Dakota for the 2002 tax year, enter the dates you were a resident of North Dakota and the name of the other state.

Lines 2 through 8 - North Dakota subtractions

You may be eligible for certain deductions and exclusions with respect to your North Dakota adjusted gross income on line 1B of Schedule 3. See the instructions for lines 7 through 20, and line 23, of Schedule 2 (Form ND-2) on page 9 for the deductions and exclusions that may apply. Except for the adoption deductions listed in the instructions for line 23 of Schedule 2, the income to which the deduction or exclusion relates must be included in the amount on line 1B of Schedule 3.

If you are eligible for any of the adoption deductions listed in the instructions for line 23 of Schedule 2, you must multiply the deduction amount by a ratio equal to your North Dakota adjusted gross income (on line 1B, Schedule 3) divided by your federal adjusted gross income (on line 1A, Schedule 3). (*Note: If line 1B is positive and line 1A is zero or negative, the ratio is 1.00.*)

Attach a statement on which you identify the deduction or exclusion and show its calculation.

If you qualify for the deduction for income from a pass-through entity subject to North Dakota's financial

institution tax listed in the instructions for 23 of Schedule 2, you must attach a copy of the statement that you received from the pass-through entity.

Line 11 - Federal income tax

Enter your federal income tax from your federal income tax return as follows:

- If you used Form 1040EZ, enter the amount from line 10 less line 8.
- If you used Form 1040A, enter the amount from line 36 less lines 41 and 42. Do not include any alternative minimum tax.
- If you used the Federal TeleFile system to file your federal return, enter the amount from line K (the "Tax" box) less line L of your TeleFile Tax Record.
- If you used Form 1040, complete the worksheet on page 12 to determine the amount to enter on this line.

Line 15 - North Dakota additions

If you were a part-year resident of North Dakota during the tax year, enter the following amounts received during the part of the year you were a resident of North Dakota:

- Interest income from state and local government obligations (other than North Dakota and its political subdivisions) that is exempt from federal income tax.
- Taxable portion of a lump-sum distribution from a qualified retirement plan reported on Federal Form 4972.

Enter on this line the amount from Form 4972, line 6 plus line 10.

If your North Dakota adjusted gross income on line 1B of Schedule 3 includes a loss from a pass-through entity subject to North Dakota's financial institution tax, you must enter the loss on this line because it is not deductible for North Dakota income tax purposes. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment. For more information, obtain the *Income Tax Guideline*: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3. Attach a copy of the statement you received from the entity.

Line 20 - State and local income taxes

If a portion of your federal itemized deductions was disallowed because your federal adjusted gross income exceeded \$137,300 (\$68,650, if married filing separate), complete the worksheet on this page to determine the amount to enter on this line.

Line 22 - Standard deduction

Enter your federal standard deduction from your federal income tax return as follows:

- If you used Form 1040A, enter amount from line 24.
- If you used Form 1040, enter amount from line 38.

| Wo | orksheet for Schedule 3, page 1, line 20 | · |
|----|---|---|
| Α. | Amount of state and local income taxes from Schedule A (Form 1040), line 5 | Α |
| B. | Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions | В |
| C. | Divide line A by line B | c |
| D. | Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions | D |
| E. | Multiply line D by line C | E |
| F. | Subtract line E from line A. Enter this amount on Schedule 3, page 1, line 20 | F |

- If you used the Federal TeleFile system to file your federal return, enter the amount from line J (the "Standard Deduction" box) of your TeleFile Tax Record.
- If you used Form 1040EZ, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
 - ➤ No. If you answered "No," enter \$4,700, if single; or \$7,850, if married.
 - ➤ Yes. If you answered "Yes," complete the worksheet on this page to determine the amount to enter on this line.

Line 24 - Exemptions

Enter your federal exemption amount from your federal income tax return as follows:

- If you used Form 1040A, enter amount from line 26.
- If you used Form 1040, enter amount from line 40.
- If you used the Federal TeleFile system to file your federal return, enter the amount from line J (the "Exemption Amount" box) of your TeleFile Tax Record.
- If you used Form 1040EZ, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
 - ➤ No. If you answered "No," enter \$3,000, if single; or \$6,000, if married.
 - ➤ Yes. If you answered "Yes," enter \$0, if you are single, or you are married and both you and your

spouse can be claimed as dependents by other taxpayers; or \$3,000, if you are married and only you or your spouse can be claimed as a dependent by another taxpayer.

Specific line instructions for Tax Computation Schedule

To be completed by all Form ND-2 filers

Line 3 - Credit for income tax paid to another state

If you were a full-year resident or partyear resident of North Dakota, you may be eligible for a credit for income tax paid to another state on income that is also taxed by North Dakota. Obtain Schedule 4 for details. Attach Schedule 4 and a copy of the other state's return.

Lines 4 and 5 - Credit for contribution to qualifying private high school or college

If you made a charitable contribution to a qualifying nonprofit private high school or college in North Dakota, you may qualify for a credit. Contributions do not qualify unless they are made directly to, or are specially designated for the exclusive use of, a qualifying school. Contributions to a fund that benefits both qualifying and nonqualifying schools do not qualify for the credit. A contribution may be made up to the due date or extended due date of your return.

Following are the qualifying schools in each category of institution:

High school category

- St. Mary's Central High School (Bismarck)
- Dakota Memorial High School (Minot)
- Dickinson Trinity High School (Dickinson)
- Shiloh Christian School (Bismarck)
- Shanley High School (Fargo)
- Dakota Adventist Academy (Bismarck)
- Oak Grove Lutheran High School (Fargo)
- Johnson Corners Christian Academy (Watford City)
- Our Redeemer's Christian School (Minot)
- Anne Carlsen School (Jamestown)
- Bishop Ryan High School (Minot)
- Trinity Christian School (Williston)
- Prairie Learning Education Center (Raleigh)

College category

- University of Mary (Bismarck)
- Trinity Bible College (Ellendale)
- Jamestown College (Jamestown)
- ND Independent College Fund

The credit allowed for *each* category of school is equal to the lesser of (1) 50% of the contributions made to all schools in the category, (2) 40% of the tax on line 2 of the Tax Computation Schedule, or (3) \$250. Enter the credit on the applicable line. Attach a statement identifying the qualifying school along with a copy of a receipt or canceled check (front and back).

Line 6 - Long-term care insurance credit

If you paid premiums on a long-term care insurance policy covering yourself, your spouse, child, parent, or stepparent, you are eligible for a credit equal to the lesser of (1) 25% of the premiums paid during the year or (2) \$100 multiplied by the number of qualifying persons covered by the policy. Attach a statement showing the name of the insurance company, the policy number, and the amount of premiums paid during the year.

Line 7 - Other income tax credits

The following income tax credits are allowed on Form ND-2:

• You may qualify for a credit if you installed a qualifying geothermal, solar, or wind energy device on property you own or lease in North Dakota. The credit is equal to 3 percent of the total cost of acquisition and installation, and is allowed in each of five tax years beginning with the tax year in which the installation is completed. For information on what qualifies, obtain the brochure North Dakota Tax Incentives For Solar, Wind, Or Geothermal Devices.

Attach a statement describing the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.

- If you paid wages to a developmentally disabled or chronically mentally ill employee, you are eligible for a credit equal to 5 percent of the first \$6,000 of wages paid during the first twelve months of employment. In any tax year, the credit must be calculated on the wages paid during the tax year. The amount of the credit allowed in any tax year is further limited to 50 percent of the tax on line 2. Attach a statement showing the name and social security number of the employee, the start date of employment, and amount of wages paid during the tax year.
- If you paid for the cost of care of a family member to prevent the placement of the family member in a long-term care facility, you may be eligible for a credit. Obtain Schedule FC for details. Attach a copy of Schedule FC.
- Credits are available for certain investments in a North Dakota Renaissance Zone. Obtain Schedule RZ for details.
- If you made an investment in a qualified business for purposes of the agricultural commodity processing facility investment credit under

N.D.C.C. ch. 57-38.6, you may be eligible for a credit. The qualified business is required to provide you with an investment reporting form that verifies the investment, and explains the credit and how to calculate it. Attach a copy of the investment reporting form.

Lines 8, 9, 10, and 11 - Venture capital investment credits

Credits are available for making an investment in any of the following:

- Line 8—North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1.
- Line 9—North Dakota Small Business Investment Company (SBIC) formed under N.D.C.C. ch. 10-30.2.
- Line 10—Certified nonprofit development corporation formed under N.D.C.C. § 10-33-124.
- Line 11—Qualified business for purposes of the seed capital investment credit under N.D.C.C. ch. 57-38.5.

If you made an investment in any of the above entities, the entity is required to give you an investment reporting form. The instructions to the investment reporting form explain how to determine the allowable credit. Enter the credit on the applicable line. Attach a copy of the applicable investment reporting form.

Line 17 - Application of overpayment to next year's estimated tax

If you have an overpayment on line 16, you may elect to apply part or all of it to your 2003 estimated tax. If you make this election, you may not change the election or the amount you applied after you file your return.

Lines 18 and 19 - Voluntary contributions

If you have an overpayment on line 16, you may make a voluntary contribution of part or all of your overpayment to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line

the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will reduce your refund.

Lines 22 and 23 - Voluntary contributions

If you have a tax due on line 21, you may make a voluntary contribution to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will increase your balance due.

Line 24 - Balance due

The balance due (including the amount, if any, from line 25) must be paid in full with your return. Make your check or money order payable to "State Tax Commissioner." A late payment is subject to penalty and interest charges—see Penalty and interest on page 6.

Pay by credit card. You may also pay your balance due using your credit card. To do so, go to Link2Gov Corporation's web site at **www.ndtaxpayment.com** or call them toll-free at 1-888-ND-TAXES (1-888-638-2937).

Line 25 - Interest on underpaid estimated tax

If you were required to pay estimated North Dakota income tax, but you did not pay enough or you paid it late, interest is charged on the underpayment or late payment. To determine if you owe interest, obtain and complete Form 400-UT. An amount on this line will reduce your refund or increase your balance due. If lines 16 and 21 are zero, and the amount on this line is at least \$5.00, you must pay the amount with your return. If you enter an amount on this line, attach a copy of Form 400-UT.

School district codes

- If you were a **full-year resident** or **part-year resident** of North Dakota, find the code number for the school district in which you resided during the 2002 tax year. Enter the number in the box at the top of Form ND-2.
- If you were a **full-year nonresident**, enter the number 54-000 in the box at the top of Form ND-2.

| School Distr Address | ict | School District | Code No. | School Distr Address | rict | School District | Code No. | School Dist | rict | School District | Code No. |
|-------------------------|----------|--------------------------|------------------|-------------------------|----------|-------------------------|------------------|--------------------------|------|-------------------------|------------------|
| Adams | ND | Adams 128 | 50-128 | Halliday | ND | Halliday 19 | 13-019 | Page | ND | Page 80 | 09-08 |
| Alexander | ND | Alexander 2 | 27-002 | · | | Twin Buttes 37 | 13-037 | Park River | ND | Park River 78 | 50-07 |
| Almont | ND | Sims 8 | 30-008 | Hankinson | ND | Hankinson 8 | 39-008 | Parshall | ND | Parshall 3 | 31-00 |
| Amidon | ND | Central Elem. 32 | 44-032 | Harvey | ND | Harvey 38 | 52-038 | Pembina | ND | Pembina 1 | 34-00 |
| Anamoose | ND | Anamoose 14 | 25-014 | Hatton | ND | Hatton 7 | 49-007 | Pettibone | ND | Pettibone-Tuttle 11 | 22-01 |
| Ashley | ND | Ashley 9 | 26-009 | Hazelton | ND | Haz-Mof-Brad 6 | 15-006 | Pingree | ND | Pingree-Buchanan 10 | 47-01 |
| Baldwin | ND | Baldwin 29 | 08-029 | Hazen | ND | Hazen 3 | 29-003 | Plaza | ND | Plaza 137 | 31-13 |
| Beach | ND | Beach 3 | 17-003 | Hebron | ND | Hebron 13 | 30-013 | Pollock | SD | Union 12 | 15-01 |
| Belcourt | ND | Belcourt 7 | 40-007 | Hettinger | ND | Hettinger 13 | 01-013 | Powers Lake | | Powers Lake 27 | 07-02 |
| Belfield | ND | Belfield 13 | 45-013 | Hillsboro | ND | Hillsboro 9 | 49-009 | Ray | ND | Nesson 2 | 53-00 |
| Berthold | ND | Berthold 54 | 51-054 | Hoople | ND | Valley 12 | 34-012 | Regan | ND | Regan 2 | 08-002 |
| Beulah | ND | Beulah 27 | 29-027 | Hope | ND | Hope 10 | 46-010 | Rhame | ND | Rhame 17 | 06-01 |
| Binford | ND | Midkota 7 | 20-007 | Hunter | ND | Northern Cass 97 | 09-097 | Richardton | ND | Richardton-Taylor 34 | |
| Bisbee | ND | Bisbee-Egeland 2 | 48-002 | Hurdsfield | ND | Pleasant Valley 35 | 52-035 | Robinson | ND | Robinson 14 | 22-01 |
| Bismarck | ND | Bismarck 1 | 08-001 | Inkster | ND | Midway 128 | 18-128 | Rock Lake | ND | N Central 28 | 48-023 |
| | | Naughton 25 | 08-025 | Jamestown | ND | Jamestown 1 | 47-001 | Rogers | ND | N Central 65 | 02-065 |
| | | Apple Creek 39 | 08-039 | Kenmare | ND | Kenmare 28 | 51-028 | Rolette | ND | Rolette 29 | 40-029 |
| | | Manning 45 | 08-045 | Kensal | ND | Kensal 19 | 47-019 | Rolla | ND | Mt. Pleasant 4 | 40-004 |
| Bottineau | ND | Bottineau 1 | 05-001 | Killdeer | ND | Killdeer 16 | 13-016 | Roseglen | ND | White Shield 85 | 28-085 |
| Bowbells | ND | Bowbells 14 | 07-014 | Kindred | ND | Kindred 2 | 09-002 | Rugby | ND | Rugby 5 | 35-005 |
| Bowman | ND | Bowman 1 | 06-001 | Kulm | ND | Kulm 7 | 23-007 | Sawyer | ND | Sawyer 16 | 51-016 |
| | | Sheets 14 | 44-014 | Lakota | ND | Lakota 66 | 32-066 | Scranton | ND | Scranton 33 | 06-033 |
| Butte | ND | Butte 62 | 28-062 | LaMoure | ND | LaMoure 8 | 23-008 | Selfridge | ND | Selfridge 8 | 43-008 |
| Buxton | ND | Central Valley 3 | 49-003 | Langdon | ND | Langdon 23 | 10-023 | Sheldon | ND | Sheldon 2 | 37-002 |
| Calvin | ND | Border Central 14 | 10-014 | Lankin | ND | Lankin 39 | 50-039 | Sherwood | ND | Sherwood 2 | 38-002 |
| Cando | ND | Southern 8 | 48-008 | Lansford | ND | Lansford 35 | 05-035 | Sheyenne | ND | Sheyenne 12 | 14-012 |
| Carrington | ND | Carrington 10 | 16-010 | Larimore | ND | Larimore 44 | 18-044 | Sidney | ΜT | | 27-018 |
| Carson | ND | Roosevelt 18 | 19-018 | Leeds | ND | Leeds 6 | 03-006 | | | Bowline Butte 19 | 27-019 |
| Cartwright | ND | Horse Creek 32 | 27-032 | Lidgerwood | ND | Lidgerwood 28 | 39-028 | Solen | ND | Solen 3 | 43-003 |
| Casselton | ND | Central Cass 17 | 09-017 | Lignite | ND | Burke Central 36 | 07-036 | South Heart | ND | South Heart 9 | 45-009 |
| Cavalier | ND | Cavalier 6 | 34-006 | Linton | ND | Linton 36 | 15-036 | Spiritwood | ND | Spiritwood 26 | 47-026 |
| Center | ND | Center 18 | 33-018 | Lisbon | ND | Lisbon 19 | 37-019 | St. Anthony | ND | Little Heart 4 | 30-004 |
| Colfax | ND | Richland 44 | 39-044 | Litchville | ND | Litchville 52 | 02-052 | St. John | ND | St. John 3 | 40-003 |
| Cooperstown | ND | Griggs County | | Maddock | ND | Maddock 9 | 03-009 | St. Thomas | ND | St. Thomas 43 | 34-043 |
| _ | | Central 18 | 20-018 | Makoti | ND | N Shore 158 | 51-158 | Stanley | ND | Stanley 2 | 31-002 |
| Crosby | ND | Divide County 1 | 12-001 | Mandan | ND | Mandan 1 | 30-001 | Stanton | ND | Stanton 22 | 29-022 |
| Des Lacs | ND | United 7 | 51-007 | | | Sweet Briar 17 | 30-017 | Starkweather | | Starkweather 44 | 36-044 |
| Devils Lake | ND | Devils Lake 1 | 36-001 | Mandaree | ND | Mandaree 36 | 27-036 | Steele | ND | Steele-Dawson 26 | 22-026 |
| Dickinson | ND | Dickinson 1 | 45-001 | Mantador | ND | Mantador 5 | 39-005 | Sterling | ND | Sterling 35 | 08-035 |
| Dodge | ND | Dodge 8 | 13-008 | Manvel | ND | Manvel 125 | 18-125 | Strasburg | ND | Strasburg 15 | 15-015 |
| Drake | ND | Drake 57 | 25-057 | Mapleton | ND | Mapleton 7 | 09-007 | Surrey | ND | Surrey 41 | 51-041 |
| Drayton | ND | Drayton 19 | 34-019 | Marion | ND | Marion 9 | 23-009 | Sykeston | ND | Sykes 39 | 52-039 |
| Dunseith | ND | Dunseith 1 | 40-001 | Marmarth | ND | Marmarth 12 | 44-012 | Tappen | ND | Tappen 28 | 22-028 |
| Edgeley | ND | Edgeley 3 | 23-003 | Max | ND | Max 50 | 28-050 | Thompson | ND | Thompson 61 | 18-061 |
| Edinburg | ND | Edinburg 106 | 50-106 | Mayville | ND | May Port CG 14 | 49-014 | Tioga | ND | Tioga 15 | 53-015 |
| Edmore | ND | Edmore 2 | 36-002 | McClusky | ND | McClusky 19 | 42-019 | Tower City | ND | Maple Valley 4 | 09-004 |
| Elgin | ND | Elgin-New Leipzig 49 | | McLeod | ND | Salund 10 | 37-010 | Towner | ND | TGU 60 | 25-060 |
| Ellendale | ND | Ellendale 40 | 11-040 | McVille | ND | Dakota Prairie 1 | 32-001 | Trenton | ND | Eight Mile 6 | 53-006 |
| Emerado | ND | Emerado 127 | 18-127 | Medina | ND | Medina 3 | 47-003 | Turtle Lake | ND | Turtle Lake- | 20.054 |
| Enderlin | ND | Enderlin 22 | 37-022 | Medora | ND | Billings Co. 1 | 04-001 | TD 1 | NID | Mercer 72 | 28-072 |
| Fairmount | ND | Fairmount 18 | 39-018 | Menoken | ND | Menoken 33 | 08-033 | Tuttle | ND | Tuttle-Pettibone 20 | 22-020 |
| Fairview | MT | Yellowstone 14 | 27-014 | Milnor | ND | Milnor 2 | 41-002 | Underwood | ND | Underwood 8 | 28-008 |
| Fargo | ND | Fargo 1 | 09-001 | Minnewaukan | | Minnewaukan 5 | 03-005 | Valley City | ND | Valley City 2 | 02-002 |
| Fessenden | ND | Fessenden-Bowden 25 | | Minot | ND | Minot 1 | 51-001 | Velva | ND | Velva 1 | 25-001 |
| Finley | ND | Finley Sharon 19 | 46-019 | | | Nedrose 4 | 51-004 | Verona | ND | Verona 11 | 23-011 |
| Flasher | ND | Flasher 39 | 30-039 | | | Bell 10 | 51-010 | Walhalla | ND | Walhelle 27 | 39-037 |
| Fordville | ND | Fordville 79 | 50-079 | | | Eureka 19 | 51-019 | Walhalla | ND | Walhalla 27 | 34-027 |
| Forman | ND | Sargent Central 6 | 41-006 | | | S Prairie 70 | 51-070 | Warwick | ND | Warwick 29 | 03-029 |
| Ft. Ransom | ND | Ft. Ransom 6 | 37-006 | Minto | MD | Air Force Base 160 | 51-160 | Washburn Washord City | ND | Washburn 4 | 28-004 |
| Ft. Totten | ND | Ft. Totten 30 | 03-030 | Minto Moball | ND | Minto 20 | 50-020 | Wast Fargo | | McKenzie Co 1 | 27-001 |
| Ft. Yates | ND | Ft. Yates 4 | 43-004 | Mohall | ND | Mohall 9 | 38-009 | West Fargo | ND | West Fargo 6 | 09-006 |
| Gackle | ND | Gackle-Streeter 56 | 24-056 | Montpelier | ND | Montpelier 14 | 47-014 | Westhope | ND | Westhope 17 | 05-017 |
| Garrison | ND | Garrison 51 | 28-051 | Mott | ND | Mott-Regent 1 | 21-001 10-019 | Williston | ND | Williston 1 | 53-091 53-001 |
| Glen Ullin | ND | Glen Ullin 48 | 30-048 | Munich | ND | Munich 19 Napoleon 2 | 24-002 | Williston | ND | Williston 1 | 53-001 |
| Glenburn | ND ND | Glenburn 26 | 38-026 | Napoleon | ND | ī | | Willow City | ND | New 8 Willow City 13 | |
| Golden Valley | | Golden Valley 20 | 29-020 | Neche | ND | Neche 55 | 34-055 | • | ND | Willow City 13 | 05-013 |
| Golva | ND | Lone Tree 6 | 17-006 | New England | | New England 9 | 21-009 | Wilton | ND | Montefiore 1 | 28-001 |
| Goodrich | ND | Goodrich 16 | 42-016 | New Rockford | | New Rockford 1 | 14-001 | Wimbledon | ND | Wimbledon- | 02.004 |
| Grafton | ND | Grafton 3 | 50-003 | New Salem | ND | New Salem 7 | 30-007 | Wina | ND | Courtenay 82 | 02-082 |
| C1 E 1 | NID | Nash 51 | 50-051 | New Town | ND | New Town 1 | 31-001 | Wing | ND | Wing 28 | 08-028 |
| Grand Forks | ND | Grand Forks 1 | 18-001 | Newburg | ND | Newburg United 54 | 05-054 | Wishek | ND | Wishek 19 | 26-019 |
| C | NID | Air Force Base 140 | 18-140 | Northwood | ND | Northwood 129 | 18-129 | Wolford | ND | Wolford 2 | 35-001 |
| Grenora | ND | Grenora 99 | 53-099 | Oakes | ND | Oakes 41 | 11-041 | Wyndmere | ND | Wyndmere 42 | 39-042 |
| Gwinner | ND | N Sargent 3 Bakker 10 | 41-003 15-010 | Oberon Oriska | ND ND | Oberon 16 Oriska 13 | 03-016 02-013 | Zeeland | ND | Zeeland 4 | 26-004 |
| Hague | ND | | | | | | | | | | |

Help Promote and Develop Watchable Wildlife Opportunities in North Dakota **Contribute to the** Watchable Wildlife Fund Photo by Chris Grondahl North Dakota's unique landscapes provide wildlife viewers with extensive outdoor opportunities. Each place offers something special and leaves you with a story to tell. It simply depends on when and where you go looking.

Support North Dakota's

Watchable Wildlife Fund

To contribute, see your state tax form or consult your tax preparer.

Your Contributions Have Helped Fund:

- Outdoor Wildlife Learning Sites (OWLS)
- Bluebird Conservation Workshops and Bluebird Trails
- Cross Ranch State Park Nature Center
- Nursing Home Bird Feeder Project in Over 100 ND Communities
- Endangered Species Habitat Protection Projects
- Outdoor and Wildlife Photography Workshops
- Wildlife Viewing Guides for North Dakota
- Grants to Scouts and Other Civic Organizations for Wildlife Projects
- Watchable Wildlife Workshops
- Educational Wildlife Programs to Schools and Communities
- Grants to Wildlife Rehabilitators
- Winter Bird Feeding Survey and Workshops

The Watchable Wildlife Fund is a program of the North Dakota Game and Fish Department. All contributions are tax deductible.

For more information, contact:
North Dakota Game and Fish Department
100 N. Bismarck Expressway
Bismarck, ND 58501
701-328-6300

Please Support "TREES FOR NORTH DAKOTA" Enhance our Health, Safety and Economy

Tree planting is part of North Dakota's past, its present and its future. Planting the right trees in the right places can enhance the **Health**, **Safety** and the **Economy** of North Dakota.

HEALTH: "Trees Improve the Environment"

Water Quality – Trees planted in streamside areas, known as "riparian buffers," stabilize stream banks, prevent sedimentation and reduce downstream flooding. Riparian buffers function as filters to improve water quality and stabilize stream flow. Sedimentation of streams and water bodies has been labeled as the major source of non-point water pollution in the United States. This soil loss can be reduced by planting riparian buffers.

SAFETY: "Trees Protect North Dakota"

Living Snow Fences – Managing blowing snow is an annual problem in North Dakota. We are continually reminded that we cannot control the weather. Fortunately, tree planters can help make North Dakota roads safer during the winter by properly designing and planting living snow fences. A statewide Living Snow Fence Initiative establishes living snow fences to make North Dakota a safer place to live and reduce snow removal costs.

ECONOMY: "Trees are a Vital Part of Economic Development"

Quality of Life – Providing a quality environment is essential to attract and keep people in North Dakota. Trees make significant contributions to the quality of life, and play an important role in the economic well-being of North Dakota communities. More than half of North Dakota's residents live in cities and towns. They come in daily contact with shady city parks, tree-lined streets and yards landscaped with trees and shrubs. Parks, green spaces and trees affect our everyday moods, activities and emotional health.

Donations to the "Trees for North Dakota" trust fund help emphasize the role that tree planting plays in meeting social, economic and environmental needs of both rural and urban residents. To contribute, consult your tax preparer or enter a voluntary contribution on the 2002 North Dakota Individual Income Tax Return. On the ND-1, look for Line 29 on the Overpayment Return and Line 33 on the Tax Due Return. On the ND-2, use Line 19 on the Overpayment Return and Line 23 on the Tax Due Return.



"Trees for North Dakota"

HEALTH: "Trees Improve the Environment"

Since 1989, school children have learned about the benefits of trees and how to make environmentally sound decisions. Together they have planted more than 544,615 trees as a result of the School Tree Program! Over 270 schools participate each year, helping children understand that planting trees exemplifies our willingness to take an active role in the present, and devotion to improving our future in North Dakota.



<u>SAFETY:</u> "Trees Protect North Dakota"

As a result of the disastrous winter of 1996-1997, 37 counties across the state have initiated 327 living snow fence projects. Approximately 540 miles of trees have been planted to protect 150 miles of roads. Planting trees can help make North Dakota roads safer during the winter by establishing living snow fences to trap blowing and drifting snow.



ECONOMY: "Trees are a Vital Part of Economic Development"

In honor of each family in the state, the North Dakota Forest Service promotes the

establishment of **Community "Family Forests."** Every family is encouraged to plant a tree representing their family or, better yet, plant one for every child, parent and grandparent! Since 1996, over \$170,000 in Trees for North Dakota trust funds have been provided to enhance the quality of life in 95 communities. More than 52,000 trees have been planted in 211 community "Family Forest" grant projects.



For more information contact:
Office of the State Forester - North Dakota Forest Service

307 First Street East, Bottineau, ND 58318-1100

Tel: 701-228-5422 Fax: 701-228-5448 Email: forest@state.nd.us Visit our website:

www.state.nd.us/forest

How to assemble your return

To assist us in processing your return as efficiently as possible, please assemble your documents in the order shown in the list below.

- 1. Form ND-2.
- 2. Schedule 3, if required.
- 3. Schedule 4, if required.
- 4. All other official North Dakota schedules and forms required to be attached (except Form 101).
- 5. Form W-2s and Form 1099s.
- 6. Copy of federal tax return.
- 7. Supporting statements required in instructions.
- 8. Copy of other state's return, if attaching Schedule 4.
- 9. Copy of federal extension form or Form 101, if applicable.

Staple all attachments to the top center position of Form ND-2. Enclose your check or money order made payable to **North Dakota State Tax Commissioner**. Do not send cash.

Before mailing . . .

- Make sure that you entered your name, correct mailing address, and social security number on the return. If married, include your spouse's social security number.
- Double-check your math.
- Make sure you included all of your Form W-2s and any Form 1099 showing North Dakota income tax withheld.
- Check to see that all required schedules and supporting statements are included.
- Enclose a complete copy of your federal tax return—see
 Copy of federal return on page 6.
- Sign your return. If filing a joint return, your spouse also must sign. *IMPORTANT:* Any return missing a signature will be returned to the taxpayer.
- Use adequate postage.
- Make a copy of the return for your records.



Filing Tip:

Make sure you sign your return. If you and your spouse are filing jointly, both of you must sign. And, if you paid someone to prepare your return, make sure the preparer signs the return too.

Need help with your federal return?

If you need federal tax forms, have federal tax questions, or would like to find out where you can find IRS walk-in services, you may contact the IRS in one of the following ways.

Telephone assistance (toll free)

- Ordering forms and publications 1-800-829-3676 Call this number to order federal tax forms and informational publications.
- Recorded tax and refund information 1-800-829-4477 Call this number to listen to pre-recorded information on a wide variety of federal tax topics or to check the status of your federal income tax refund. Please allow at least 4 weeks after you file your return (3 weeks if you filed electronically) before calling about the status of your refund, and be sure to have your social security number, filing status, and exact whole-dollar amount of your refund available when you call.

Web site

Access the IRS's Web site 24 hours a day, 7 days a week www.irs.gov

Walk-in service

In North Dakota, IRS walk-in services are available Monday through Friday, 8:30 a.m. to 5:00 p.m. (*except as noted*), at the following locations:

Bismarck (closed 11 a.m -12 p.m.)
Dacotah Foundation Building
Suite 7A
600 South 2nd Street

Fargo

Federal Building Room 470 657 2nd Avenue North

102 North 4th Street

Grand Forks (closed 1 p.m.-2 p.m.) Federal Building Room 137

Minot (closed 1 p.m.-2 p.m.)
Federal Building

Room 311 or 312 100 1st Street Southwest

Need forms or assistance?

If you need a North Dakota form or schedule not included in this booklet, or if you have a question about preparing your North Dakota return . . .

Call

Toll free (within North Dakota)—

1-800-638-2901

In the Bismarck-Mandan area, or from outside North Dakota—

Questions: (701) 328-1032Forms: (701) 328-3450

If speech or hearing impaired—call us through Relay North Dakota—

1-800-366-6888 (Ask for 1-800-638-2901)

Visit our Web site

On our Web site, you will find the following resources:

- Tax forms
- Income tax guidelines
- Electronic filing information
- Income tax statutes
- Calendar of due dates, public meetings, and workshops
- Press releases
- On-line message service

Our Web site address is:

www.ndtaxdepartment.com

Come in to see us

You may stop in to see us in person at our main office in Bismarck. You will find us in the—

Individual Income Tax Section State Capitol, 16th Floor Monday through Friday 8:00 a.m. to 5:00 p.m.

Write

Office of State Tax Commissioner 600 E. Boulevard Ave., Dept. 127 Bismarck, ND 58505-0599

E-mail us

You may request forms, ask us a question, or send a message to us via e-mail. Our address is:

individualtax@state.nd.us

Or go to our Web site at:

www.ndtaxdepartment.com (click on contact us)

Fax

You may fax your request or question to (701) 328-3700.

Need a copy of your return or other information?

To obtain a copy of your return or information about your estimated tax payments, etc., you must submit a written request (by mail or fax) to our office. Include the following items in your request:

- Your name(s) and current address.
- Your social security number(s).
- Daytime telephone number.
- Description of the information desired.
- Tax year(s) involved.
- Your signature(s).

Our mailing address and fax number are shown above.

Want to check the status of your refund?

If you did not use direct deposit, you may check the status of your refund by calling (701) 328-3450, or by e-mailing us at individualtax@state.nd.us. If you direct deposited your refund, contact your bank first to see if your refund has been deposited into your account before contacting us. If you contact us, you'll need to provide the following information:

- Your name (Include spouse's name, if joint return).
- Your social security number (Include spouse's SSN, if joint return).
- Your filing status from your return.
- *Exact* amount of refund shown on return.
- Tax year.

The above information must match our records or no information will be released. *Allow 6 weeks after filing your return before contacting us about your refund.*